

# CONSUMER ADVISORY

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By Attorney General Tom Miller

## How to Deal With Credit Card Offers

Have you received a solicitation by mail or telephone offering you a new credit card? Should you sign up -- or tear it up? If you're interested, how do you "shop" for credit cards?

**First of all, consider just saying, NO!** Use a minimum number of credit cards to avoid falling into expensive credit card debt. Don't sign up for a credit card just to get so-called "free" items! Reduce your credit card solicitations by asking the credit reporting agencies not to sell your name to credit card marketers and others. Call 888-567-8688 or go to [www.OptOutPrescreen.com](http://www.OptOutPrescreen.com) to opt out of solicitations for two years, or permanently.

**Second, if you are considering a card, shop and compare.** Take your time. Get all the information before you decide whether to apply and which card to pick. Contact your financial institution or your current credit cards, and see if they will match other offers.

### Key questions when you "shop" for a credit card:

- **What are the interest rates?** Cards often have multiple rates, stated as the APR, or annual percentage rate of interest. Very low advertised rates are usually only "teaser" rates, and a much higher regular rate kicks in after a few months.
- **Are there steep "penalty" rates?** Penalty rates may be triggered by one late payment (even on a different credit card loan), and they can soar as high as 30% APR for some out-of-state card issuers. So, check penalty rates and terms.
- **Are there other hidden fees?** Most cards have cash-advance fees with no "grace period" -- interest charges start immediately. Late fees and over-the-limit fees can go as high as \$30 on some out-of-state cards. (Cards from Iowa issuers can't go that high -- another reason to consider cards from Iowa credit unions and banks.) See if the card charges an annual fee. Also, avoid expensive "add-on" items such as credit card protection plans, insurance, or buyers' clubs.

Manage your credit cards carefully to avoid expensive credit card debt. Pay on time and pay the full balance each month if you possibly can. Most credit card companies will not impose a finance charge (except on cash advances) if you pay in full before the due-date on your bill. Avoid "maxing-out" on cards or paying only the minimum amount due. For more tips on credit card hazards, go to: [www.truthaboutcredit.com/roadmap.html](http://www.truthaboutcredit.com/roadmap.html).

The Credit Card Act of 2009 will provide many new protections for consumers, such as over-the-limit fee protections, minimum terms for introductory rates, and more protection for young consumers -- but the new law doesn't go into effect until February 22, 2010.

To file a complaint or get more information, contact the Iowa Attorney General's Consumer Protection Div., Hoover Bldg., Des Moines, IA 50319. Call 515-281-5926, or toll-free to 888-777-4590. The web site is: [www.iowaAttorneyGeneral.gov](http://www.iowaAttorneyGeneral.gov).